
Foreign Military Sales Case Reconciliation Reviews

By

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Anytime you can sit down with your customers and provide them with a thorough financial and logistics review of their entire portfolio of cases, you have established a powerful bond. For both the U.S. team and the foreign customer, it is an opportunity to evaluate performance from the preceding year, set support priorities for the coming year, and establish a personal relationship among program representatives. It is also an ideal opportunity to exchange information that is pertinent to future support, whether it be changes in logistics support techniques by the U.S. Navy or organizational and financial changes in the international customer's service. The case reconciliation review (CRR), after a great deal of preparation, coordination, and negotiation, is the venue that delivers this and more. The following is a brief overview of the CRR process.

Introduction

Management reviews have been used to manage foreign military sales (FMS) cases since the inception of the program. Foreign military sales case reconciliation reviews (CRRs) are meetings that are hosted by the Navy International Programs Office (Navy IPO) and are normally held at the Naval Inventory Control Point, International Programs (NAVICP-OF) in Philadelphia, Pennsylvania. NAVICP is designated the executive agent to conduct CRRs on behalf of Navy IPO. CRRs held in Philadelphia, Pennsylvania and overseas are co-chaired by NAVICP and the customer. Initially called implementation reviews or case management reviews, the name was changed to case reconciliation reviews in 1992 to more accurately reflect the primary focus on record reconciliation. The U. S. Navy conducts CRR meetings for customer countries when the volume of a country's FMS activity warrants it. During these meetings, representatives from the customer country along with the U. S. Navy team conduct a line-by-line review of previously determined FMS cases. The U. S. Navy team consists of representatives from Navy IPO, NAVICP-OF, the systems commands, and other defense agencies as necessary. The CRR meeting provides a valuable forum for the customer country to evaluate and comment on the execution of their FMS program.

The scope of the CRR is limited to reconciliation of supply and financial records for FMS cases managed in both the Management Information System for International Logistics (MISIL). Standard Accounting and Reporting System (STARS) and related supply and financial management issues. International customers are offered the opportunity to specify the cases they desire to review, as well as the opportunity to review all of their cases within the above scope. Other issues proposed by the FMS customer, such as program management matters, are referred to Navy IPO for resolution in advance of the CRR. Detailed minutes of the meeting are prepared and forwarded to all participants.

CRR Scheduling

Navy IPO centrally coordinates the annual schedule of CRRs with customer countries, U. S. Navy and other applicable Department of Defense organizational elements. Each country whose volume of FMS business warrants it will be scheduled for a review. Due to the diversity and number of FMS cases, it is not practical to attempt to review all FMS programs for all countries. Therefore, when there is only a small amount of business conducted with a country during a given

fiscal year, a case reconciliation review may not be scheduled for that country. Twenty to twenty-five CRRs are conducted each year with the military services of international customers.

In June of each year NAVICP-OF provides Navy IPO with a proposed schedule for the next calendar year's case reconciliation reviews. Navy IPO issues a new CRR schedule in August of each year. The Navy IPO coordinates the review schedule with FMS customer countries, U. S. Navy activities and any other Department of Defense organizations that may be needed at the review. Once established, this schedule will be strictly followed. Changes will be considered only if they will not disrupt the overall schedule. All change requests must be coordinated with the Navy IPO.

Following was the CRR Schedule for Fiscal Year 2002:

Fiscal Year 2002 Case Reconciliation Review			
<u>Country</u>	<u>Customer Service</u>	<u>Date</u>	<u>Location</u>
Greece	Navy	23-25 Oct 2001	NAVICP Philadelphia
Italy	Navy	30 Oct-1 Nov 2001	NAVICP Philadelphia
Korea	Navy	5-6 Nov 2001	NAVICP Philadelphia
United Kingdom	Navy and Air Force	6-8 Nov 2001	NAVICP Philadelphia
Norway	Air Force	27-28 Nov 2001	NAVICP Philadelphia
Brazil	Navy	5-7 Feb 2002	NAVICP Philadelphia
Spain	Air Force	15-17 Apr 2002	NAVICP Philadelphia
Spain	Navy	(TBD) Apr-May 2001	NAVICP Philadelphia
Egypt	Air Force	22-25 Apr 2001	NAVICP Philadelphia
Egypt	Navy	29 Apr-4 May 2002	NAVICP Philadelphia
Australia	Air Force and Navy	29 Apr-2 May 2002	NAVICP Philadelphia
Israel	Navy and Air Force	29 Apr-3 May 2002	Israel
Greece	Air Force	7-9 May 2002	NAVICP Philadelphia
Canada	Canadian Forces	7-9 May 2002	NAVICP Philadelphia
Turkey	Navy and Army	13-17 May 2002	NAVICP Philadelphia
Turkey	Air Force	22 May 2002	NAVICP Philadelphia
Germany	Navy and Air Force	(TBD) June 2002	Germany
Japan	JDA	Jun 2002 with FMR(18-22 Jun)	DSCA
Kuwait	Air Force	3-6 Sep 2002	NAVICP Philadelphia
Netherlands	Navy	(TBD) Sep 2002	NAVICP Philadelphia

CRR Preparation Timeline

NAVICP-OF sends a letter of invitation to each customer country included on the review schedule at least sixteen weeks prior to the date of the CRR. This letter tells the customer the date and location of the review, provides a proposed agenda, and invites the customer country to send representatives.

Customer countries must inform NAVICP-OF whether they want to review all FMS cases or only specifically identified cases during the CRR meeting. Specific agenda items that the customer wishes to discuss should also be identified. This information must be sent to NAVICP-OF at least twelve weeks before the meeting is scheduled to begin.

NAVICP-OF advises CRR participants of the cases and issues selected for review ten weeks prior to the CRR and requests the participants provide updated information.

Six weeks prior to the CRR, participants provide updated FMS case financial and supply information to NAVICP. NAVICP assembles this data for presentation at the CRR.

Four weeks prior to each review NAVICP will conduct a pre-CRR meeting. This is the final opportunity for case managers to provide NAVICP with updated case information. Briefings to be given at the CRR will be approved at this meeting. This meeting is normally conducted in person however, an “electronic meeting” may be conducted or the meeting may be waived in its entirety by the Navy IPO Country Program Director.

Within two weeks after completion of the CRR, NAVICP-OF will publish the minutes of the review. Organizations assigned actions during the CRR provide NAVICP-OF with updated information on these actions until each is completed. NAVICP-OF publishes updates to the minutes on a quarterly basis, until all action items are complete.

Conclusion

Case reconciliation reviews focus on high profile weapon system cases, supply active cases, cases specifically requested by the customer, or cases entering the final closure process. It is an opportunity to “balance the customers’ checkbooks” while the checks are still being written. From the domestic Navy side, CRRs are attended by personnel from Navy IPO, various systems commands, DFAS, and other DOD activities which support specific FMS programs. Members of the diplomatic corps or of flag rank may head attending teams from the individual countries.

About the Author

Ed Maher is the Director of the Integrated Country Program Team Department in the Naval Inventory Control Point, International Programs Directorate. He has been with this organization since it stood up in October 1996 and with the U. S. Navy International Logistics Control Office from September 1974 until its decommissioning in September 1996. Ed is a graduate of Manhattan College and holds a Bachelor of Arts degree in economics.

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